

FOR IMMEDIATE RELEASE

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Guideline B-20 Continues to Hamper Housing Sales

NANAIMO, BC – Sales of single-family homes in March board-wide dipped by 23 per cent year over year but were up 36 per cent from February.

Last month, 309 single-family homes sold on the Multiple Listing Service® (MLS®) System compared to 399 in March 2018 and 227 in February. In the apartment and townhouse categories, sales dropped by 10 per cent and 30 per cent, respectively.

Housing sales have weakened throughout most of the province, which the British Columbia Real Estate Association largely attributes to the mortgage stress test (Guideline B-20). While the B.C. economy continues to be highly supportive of housing demand, the negative shock to affordability and purchasing power created by the stress test is expected to continue preventing many buyers, particularly millennials, from entering the housing market. In the VIREB area, the stress test is helping reduce demand for higher-priced properties and pushing buyers towards less expensive homes. In turn, this is compressing the lower end of the market.

Weakened housing demand has also contributed to an increase in total active residential listings across the province. In the VIREB area, inventory of single-family homes in March rose by 20 per cent from one year ago (976 to 1,172) while active listings of apartments climbed by 20 per cent (237 to 284) year over year and townhouses by 24 per cent (148 to 183).

However, despite decreased demand, prices in the VIREB area continue to rise over last year, although increases are expected to soften in the coming months. The benchmark price of a single-family home board-wide was \$510,800 in March, a six per cent increase from one year ago and up slightly from February. (Benchmark pricing tracks the value of a typical home in the reported area.) In the apartment category, the benchmark price climbed to \$319,800 from one year ago, an eight per cent increase but down somewhat from the previous month. The benchmark price of a townhouse hit \$414,700 last month, up eight per cent over March 2018 and slightly higher than in February.

Regionally, the benchmark price of a single-family home in the Campbell River area hit \$417,200, an increase of eight per cent over March 2018. In the Comox Valley, the benchmark price reached \$507,100, up eight per cent from one year ago. Duncan reported a benchmark price of \$471,500, up five per cent from March 2018. Nanaimo's benchmark price rose four per cent to \$554,300 while the Parksville-Qualicum area saw its benchmark price increase by four per cent to \$577,300. The cost of a benchmark single-family home in Port Alberni reached \$299,400 in March, up eight per cent from one year ago.

Month over month, Campbell River, Parksville-Qualicum, and Port Alberni saw modest reductions in their benchmark prices while Comox Valley, Duncan, and Nanaimo recorded small increases.

Trend-wise, VIREB's housing market has transitioned from one favouring sellers to one that is balanced or near balanced. Balanced markets offer buyers more choice and more room to negotiate, while sellers will need to curb their expectations.

"Seller optimism regarding the value of their home is contributing to a sharp disconnect between buyers and sellers," says Kaye Broens, 2019 VIREB President. "We're seeing many sellers who want to list their homes at 2016 and 2017 prices, expecting to get the same amount of money their neighbour did two years ago. Unfortunately, that just isn't realistic."

ABOUT VIREB

VIREB represents over 1,000 REALTOR® members in nearly 90 member offices on Vancouver Island (north of Victoria).

VIREB cautions that average price information can be useful in establishing trends over time, but does not indicate the actual prices in centres comprised of widely divergent neighbourhoods or account for price differential between geographic areas.

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